UNITED STATES OF AMERICA BEFORE THE DEPARTMENT OF ENERGY OFFICE OF ELECTRICITY DELIVERY AND ENERGY RELIABILITY

)

Rainbow Energy Marketing Corporation

Docket No. EA-296-

RENEWAL APPLICATION OF RAINBOW ENERGY MARKETING CORPORATION FOR AUTHORIZATION TO TRANSMIT ELECTRIC ENERGY TO CANADA

Rainbow Energy Marketing Corporation ("Rainbow"), pursuant to Section 202(e) of the Federal Power Act ("FPA"), 16 U.S.C. Section 824a(e), the Department of Energy ("DOE") regulations set forth in 10 C.F.R. §§ 205.300, et seq. (the "Regulations"), and paragraph "K" of Order No. EA-296 hereby files this Renewal Application for blanket authority to transmit electric energy from the United States to Canada. Rainbow respectfully requests that authorization be granted expeditiously² for an additional five-year term from the date the DOE grants this application.

CONTENTS OF APPLICATION

In accordance with § 205.302 of the Regulations, Rainbow states as follows:

- a. Legal Name of Applicant. The legal name of the applicant is Rainbow Energy Marketing Corporation.
- b. Legal Name of All Partners. Rainbow is a privately owned corporation and is a subsidiary of United Energy Corporation. Rainbow has no partners.

¹ The export authorization issued to Rainbow Energy Marketing Corporation in Order No. EA-296 expired according to its terms on November 9, 2006. Rainbow inadvertently failed to file this renewal application within the six month period prior to November 13, 2006.

² See, e.g., DC Energy, LLC, OE Docket No. EA-327, Notice of Application, 72 Fed. Reg. 26809 (May 11, 2007) (limiting comment period to 30 days).

c. Persons to Whom Correspondence Shall be Addressed:

Contact:

Joseph M. Wolfe

Name:

Rainbow Energy Marketing Corporation

Address:

Kirkwood Office Tower 919 South 7th Street

Suite 405

Bismarck, ND 58504

Telephone:

(701) 222-2290

Facsimile:

(701) 255-7952

E-mail:

j.wolfe@rainbowenergy.com

d. State or Territory of Incorporation. Rainbow,, a wholly owned subsidiary of United Energy Corporation, which is incorporated in the State of North Dakota. Rainbow does not own or control any physical electric generation or transmission facilities in the U.S. and does not have any franchised service territory in the U.S. Rainbow is a power marketer authorized by the Federal Energy Regulatory Commission ("FERC") to sell energy, capacity and specified ancillary services at market-based rates.³

- e. Governmental Agencies Having Jurisdiction. Rainbow is not aware of any U.S. federal, state or local government agency other than DOE that has jurisdiction over the action to be taken pursuant to this application.
- f. Description of the Transmission Facilities. Rainbow intends to export electricity over the existing international interconnection facilities as set forth in Exhibit C, which lists the identities, the owners, the locations and the Presidential Permit numbers of those facilities.
- g. Technical Discussion of the Proposed Export of Electricity. Through this Renewal Application, Rainbow seeks to renew its authority to engage in open-ended transactions to export electricity to Canada under terms and conditions to be negotiated in the future. DOE has granted

³ Rainbow Energy Marketing Corporation, Docket No. ER94-1061-000, et al., Letter Order (June 10, 1994) (granting market-based rate authority for sales of electricity).

such renewed authority to export electricity to Canada previously for other entities, such as Tenaska Power Services and TransAlta Energy marketing (U.S.) Inc.⁴

With regard to reliability requirements for transmission of electric power to be exported to Canada both within the U.S. and crossing the border into Canada, DOE has adopted a flexible approach, taking into consideration the unique nature of power marketers in terms of DOE's assessment of any reliability analysis. DOE has concluded that existing technical analyses supporting the present export authorization via international border transmission facilities are sound and will be applied to power marketers seeking to use these facilities. Rainbow respectfully requests that DOE continue to apply this standard to this Renewal Application. In the meantime, Rainbow commits to abide by all applicable export limits on transmitting facilities, including those of the border facilities used. Rainbow also commits to comply fully with the terms and conditions of any export authorization granted to it by DOE.

With regard to sufficiency of electric power within the U.S., because Rainbow has no franchised service territory and owns no generation facilities, the electric power proposed to be exported to Canada pursuant to this Application is, by definition, surplus to the needs of those entities selling electric power to Rainbow. Therefore, the proposed export of electricity will not impair the sufficiency of electric supply within the U.S. or impede regional coordination of electric utility planning or operation.

h. Verification. The signed verification of Joseph M. Wolfe, Rainbow's Vice President, is attached to this Application as Exhibit H.

⁴ Tenaska Power Services, Order No. EA-243-10-A, issued on March 1, 2007; and TransAlta Energy Marketing (U.S.) Inc., Order No. EA-216-B, issued on May 17, 2006.

REQUIRED EXHIBITS

The following Exhibits and Attachments are attached hereto:

Agreements - Not applicable Exhibit A:

Legal opinion of Rainbow's counsel Exhibit B:

Transfer Points (submitted in lieu of maps) Exhibit C:

Non-U.S. Applicant's power of attorney - Not applicable Exhibit D:

Statement of any corporate relationship or existing contract which in any Exhibit E:

way relates to the control or fixing of electric power rates - Not applicable

Operating procedures regarding available capacity and energy - Not Exhibit F:

applicable

Affidavit of Joseph M. Wolfe Exhibit G:

Verification Exhibit H:

SIGNATURE

THEREFORE, Rainbow respectfully requests that the Department of Energy grant this Renewal Application expeditiously on substantially the same terms and conditions as applied to similarly situated electric power marketers. We ask that this authorization last for five (5) years.

Respectfully submitted,

Steven A. Weiler Justin P. Moeller

Leonard, Street and Deinard, P.A. The Army and Navy Club Building 1627 Eye Street, N.W., Suite 610

tephen a. Weiler

Washington, D.C. 20006

Attorneys for

Rainbow Energy Marketing Corporation

July 31, 2007

D.O.E. RENEWAL APPLICATION FOR AUTHORIZATION TO TRANSMIT ELECTRIC ENERGY TO CANADA

EXHIBIT A

AGREEMENTS

Rainbow is seeking a blanket approval for export-related agreements to be negotiated and entered into in the future. No particular export transactions are currently under consideration pursuant to this Renewal Application. Accordingly, no existing agreement or proposed agreement is attached herein to this Renewal Application.

D.O.E. RENEWAL APPLICATION FOR AUTHORIZATION TO TRANSMIT ELECTRIC ENERGY TO CANADA

EXHIBIT B

OPINION OF COUNSEL

July 31, 2007

The Department of Energy
Office of Electricity Delivery and Energy Reliability
OE-20, Room 6H-034
1000 Independence Avenue, S.W.
Washington, D.C. 20585

Dear Sir or Madam:

Leonard, Street and Deinard Professional Association (the "Firm") has acted as special legal counsel to Rainbow Energy Marketing Corporation, a North Dakota corporation ("Rainbow"), for the purpose of delivering this Opinion Letter in connection with the renewal application of Rainbow for authorization from the Department of Energy ("D.O.E.") to export energy to Canada ("D.O.E. Renewal Application"). This Opinion Letter is provided in connection with the D.O.E. Renewal Application as required by the Regulations of the Office of Utility Systems of the Economic Regulatory Administration, 10 C.F.R. §205.303(b) (2004).

The Opinion Letter is rendered only to you and is solely for your benefit in connection with the D.O.E. Renewal Application. This Opinion Letter may not be relied upon by you for any other purpose; nor may it be quoted, circulated, referred to or delivered to or relied upon by any other person, firm or entity for any purpose without our prior express written consent.

Rainbow is proposing to export electricity to Canada. The Firm has been engaged by Rainbow to provide an Opinion Letter regarding Rainbow's corporate authority to export electricity to Canada and its compliance with pertinent federal and state laws.

- A. Limitations and Exclusions. This Opinion Letter is subject to the following limitations and exclusions:
 - (1) It is limited in scope to (a) the material federal permits, registrations, notifications, certifications and other regulatory approvals that are necessary pursuant to any law, rule, regulation, judgment, order, consent decree, or other instrument known to the Firm and which are required of Rainbow to export electricity to Canada; and (b) Rainbow's corporate authority to engage in the sale of electricity to entities located in Canada. We did not examine, and this Opinion Letter specifically excludes from coverage, any other federal, state, and local permits, registrations, notifications, certifications, governmental approvals or regulatory authorizations that Rainbow may be required to obtain;
 - (2) It specifically excludes from coverage all approvals required to be obtained by the owners of the transmission facilities and interconnecting utilities;
 - (3) Any ongoing reporting requirements arising after Rainbow commences the export of electricity to Canada, such as those typically detailed in agency permits and

- rules (e.g., self-reporting, record keeping, and permit renewals), are also excluded; and
- (4) Future changes in applicable laws, regulations and programs, or in their implementation, may require approvals different from or in addition to those discussed herein. Although the Firm has endeavored to identify the possibility of such changes where this information is known by the Firm, future legal requirements are beyond the scope of this Opinion Letter and excluded from coverage.
- B. Reliance. As to the factual and technical matters arising in connection with our examination of the D.O.E. Renewal Application and relevant to the opinions expressed herein, the Firm has assumed the truth and veracity of the representations and documents provided by Rainbow without independent investigation, verification or analysis. We have examined and are familiar with such documents as we deemed necessary to render an informed opinion on the matters set forth herein including:
 - (1) The authority of Rainbow under its Articles of Incorporation and By-Laws; and
 - (2) The D.O.E. Application to which this Opinion Letter is attached as an exhibit.
- C. Assumptions. In preparing this Opinion Letter, the Firm has assumed the following:
 - (1) the authenticity of original documents and the genuineness of all signatures;
 - (2) the conformity to the originals of all documents submitted to the Firm as copies;
 - (3) the due authorization, execution, and delivery of documents on behalf of the parties to such documents and the legal, valid, and binding effect of such documents on the parties;
 - (4) the absence of any extrinsic evidence that the parties to a document intended a meaning contrary to that expressed by the provisions of the document; and
 - (5) the truth and accuracy of all statements and certifications made by Rainbow and by any person on behalf of Rainbow, and of all documents and other factual and technical matters furnished by Rainbow or on behalf of Rainbow, and that none of such entities or persons have made, and that none of such documents or other factual and technical matters contain, an untrue statement of any material fact or omit a material fact necessary to make such statements or certifications, in light of the circumstances in which they were made, not misleading.
- **D.** Opinions. Based upon and subject to the foregoing, and the other limitations and qualifications set forth herein, the Firm is of the opinion that:
 - (1) Rainbow has full corporate power and authority to export electric energy to Canada as requested in the D.O.E. Renewal Application;

- (2) Rainbow has complied with all pertinent federal and state laws regarding the matters contemplated in the D.O.E. Renewal Application; and
- (3) Rainbow has certified to us that it will comply with all pertinent federal and state laws regarding the matters contemplated in the D.O.E. Renewal Application.

Very truly yours,

LEONARD, STREET AND DEINARD Professional Association

Stephen a. Weiler (Jem)
Steven A. Weiler

D.O.E. RENEWAL APPLICATION FOR AUTHORIZATION TO TRANSMIT ELECTRIC ENERGY TO CANADA

EXHIBIT C TRANSMISSION SYSTEM INFORMATION UNITED STATES INTERCONNECTIONS WITH CANADA

e Presidentia Permit	Voltage	Owner L
PP-64	230-kV	Basin Electric Power Coop.
kV PP-10	2-500-kV	BPA E
PP-36	230-kV	7
PP-46	230-kV	Ν
PP-32	69-kV	Eastern Maine Electric Cooperative C
PP-230	345-kV	International Transmission S
PP-230	230-kV	Company
PP-230	230-kV	Ι
PP-230	345-kV	S
PP-82	120-kV	Joint Owners of Highgate Project I
kV PP-24	2-115-kV	Long Sault, Inc.
/ PP-43	345-kV	Maine Electric Power Company
PP-12	69-kV	Maine Public Service Company I
PP-12	69-kV	F
PP-78	115-kV	Minnesota Power, Inc.
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Owner	Location	Voltage	Presidential Permit
Minnkota Power Cooperative, Inc.	Roseau County, MN	230-kV	PP-61
New York Power Authority	Massena, NY	765-kV	PP-56
	Massena, NY	2-230-kV	PP-25
	Niagara Falls, NY	2-345-kV	PP-74
	Devils Hole, NY	230-kV	PP-30
Niagara Mohawk Power Corp.	Devils Hole, NY	230-kV	PP-190
Northern States Power Company	Red River, ND	230-kV	PP-45
	Roseau County, MN	500-kV	PP-63
Vermont Electric Power Co.	Derby Line, VT	120-kV	PP-66
Vermont Electric Transmission Co.	Norton, VT	+-450-kV DC	PP-76

D.O.E. RENEWAL APPLICATION FOR AUTHORIZATION TO TRANSMIT ELECTRIC ENERGY TO CANADA

EXHIBIT D

Non-U.S. Applicant's Power of Attorney

Not applicable.

D.O.E. RENEWAL APPLICATION FOR AUTHORIZATION TO TRANSMIT ELECTRIC ENERGY TO CANADA

EXHIBIT E

Existing Relationship or Existing Contract Relating to Control or Fixing of Rates

Not applicable.

D.O.E. RENEWAL APPLICATION FOR AUTHORIZATION TO TRANSMIT ELECTRIC ENERGY TO CANADA

EXHIBIT F

Operating Procedures Relating to Available Capacity and Energy

Because all of the electricity to be exported from the U.S. by Rainbow is surplus energy purchased from other electric utilities, Rainbow requests a waiver of the requirement set forth in § 205.303(f) of the Regulations that it explain the Operating Procedures for informing neighboring electric utilities in the U.S. that capacity or electricity in excess of the requirements of Rainbow is available prior to its delivery to the export purchaser.

D.O.E. RENEWAL APPLICATION FOR AUTHORIZATION TO TRANSMIT ELECTRIC ENERGY TO CANADA

EXHIBIT G

Affidavit of Joseph M. Wolfe

UNITED STATES OF AMERICA BEFORE THE DEPARTMENT OF ENERGY OFFICE OF ELECTRICITY DELIVERY AND ENERGY RELIABILITY

Rainbow Energy Marketing Corporation)	Docket No. EA-296
AFFIDAVIT OF	JOSEPH M.	WOLFE
STATE OF NORTH DAKOTA)	
COUNTY OF BURLEIGH	j	

BEFORE ME, the undersigned authority, on this day personally appeared Joseph M. Wolfe, who affirmed under oath that the following facts are true and correct and are within his personal knowledge:

- 1. I am more than eighteen years of age and am employed by Rainbow Energy Marketing Corporation ("Rainbow") in the position of Vice President. My duties relate to and include matters pertaining to export authorizations issued by the United States Department of Energy ("DOE") pursuant to Section 202(e) of the Federal Power Act, 16 U.S.C. § 824a(e).
- 2. By letter dated March 15, 2007, DOE provided a general reminder, on a courtesy basis, to Rainbow (and, on belief, to many other entities) concerning the recordkeeping and reporting obligations of those who are authorized by DOE to export electricity from the United States to a foreign country under the statutory authority noted in the preceding paragraph. The DOE's letter indicated that reports should be addressed to U.S. Department of Energy, OE-20, Office of Electricity Delivery and Energy Reliability, 1000 Independence Avenue, S.W., Washington, DC 20585, by facsimile to (202) 586-8008, or by e-mail to Steven.Mintz@hq.doe.gov. Prior to March 15, 2007, Rainbow submitted its quarterly reports by facsimile to (202) 287 5736 and followed up with hard copies to U.S. Department of Energy, Office of Fossil Energy, FE-27, 1000 Independence Avenue, SW, Washington, D.C. 20585-0305 pursuant to paragraph H of Order No. EA-296.
- 3. On July 26, 2007, Rainbow submitted quarterly reports of export transactions during the first and second quarters of 2007 by e-mail to Steven.Mintz@hq.doe.gov. On July 30, 2007, Rainbow learned from Ms. Ellen Russell of DOE that Rainbow's export authorization under Order No. EA-296 had expired on November 9, 2006. Unfortunately, due to administrative oversight, Rainbow was unaware that its export authority had expired and continued making trades as described in Attachment A to this Affidavit through July 30, 2007 beyond those described in the quarterly reports submitted on July 26, 2007.

- 4. Upon learning that its export authority had expired, Rainbow immediately halted any exports of electricity to Canada. Rainbow will not recommence exporting electricity to Canada unless and until DOE renews its authorization to make such exports.
- 5. At no time did Rainbow have the intention of exporting electricity to a foreign country without the requisite authorization from the DOE or without complying with its reporting obligations.
- 6. Rainbow, with the assistance of outside counsel, has begun a regulatory audit of its energy transactions, including an internal review of cross-border transactions. Furthermore, Rainbow is diligently implementing internal safeguards necessary to ensure that renewal applications for export authorizations and quarterly reports are filed on a timely basis in the future.

Further Affiant sayeth not.

Joseph M. Wolfe

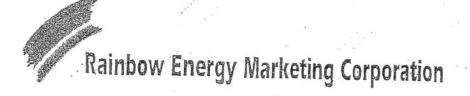
SUBSCRIBED AND SWORN TO before me on this 31st day of July, 2007, to certify which witness my hand and official seal.

Notary Public / State of North Dakota

My Commission Expires: 5/5/2011

RITA M LEPP Notary Public State of North Dakota My Commission Exceeds May 5, 2011

ATTACHMENT A



1ST Quarter 2005

EXPORTS

Month	Energy Revenue 1	Maximum Hourly Transmission		
January-05	10,853,000.00	\$	800,757.79	
February-05	2,961,000.00	\$	186,221.73	*
March-05	1,979,000.00	\$	129,214.09	

Total 15,793,000.00 \$ 1,116,193.61 0

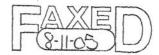
Filed by: Kari Wolff

Title: Accountant/Settlements Manager





2nd Quarter 2005



EXPORTS

Month	Export KW.h	- En	ergy Revenue Cdn. \$	Maximum Hourly Transmission
April-05	957,000.00	\$	73,163.09	
May-05		\$	6,899.66	
June-05	2,143,000.00	\$	194,932.35	
A CONTRACTOR OF THE CONTRACTOR				
Total Total	3,300,000.00	\$	274,995.10	0

Filed by: Kari Wolff

Title: Accountant/Settlements Manager



3rd Quarter 2005



EXPORTS

Month	Export KW.h	Er	ergy Revenue Cdn.\$	Maximum Hourly Transmission
July-05	4,878,000.00	\$	589,460.93	
August-05	1,784,000.00	\$	464,263.02	
September-0		\$	60,745.67	

Filed by: Kari Wolff

Title: Accountant/Settlements Manager



4rd Quarter 2005

EXPORTS

Month	Export KW.h	Energy Revenue Cdn. \$	ue Maximum Hourly Transmission
October-05	1,583,000.00	\$ 155,29	0.37
November-06	1,249,000.00	\$ 131,98	1.63
December-05	50,000.00	\$ 5,51	8.96

Total 2,882,000.00 \$ 292,790.96 0

Filed by: Kari Wolff

Title: Accountant/Settlements Manager

2006

EXPORTS OF THE STATE OF T

Month	Export KW.h	Energy Revenue Cdn. \$	Maximum Hourly Transmission
January-06	-	CAD 0.00	
February-06	-	CAD 0.00	
March-06		CAD 0.00	
Total		CAD 0.00	0

Filed by: Jane Mann

Title: Accountant/Settlements Manager

2006

EXPORTS

Export KW.h	Energy Revenue Cdn. \$	Maximum Hourly Transmission
-	CAD 0.00	
100,000.00	CAD 25,899.28	
-	CAD 0.00	
	- 100,000.00	- CAD 0.00 100,000.00 CAD 25,899.28 - CAD 0.00

Filed by: Jane Mann

Title: Accountant/Settlements Manager

2006

EXPORTS

Month	Export KW.h	Energy Revenue Cdn. \$	Maximum Hourly Transmission
July-06	-	CAD 0.00	
August-06	-	CAD 0.00	
September-06	-	CAD 0.00	

Filed by: Jane Mann

Title: Accountant/Settlements Manager

2006

EXPORTS

Month	Export KW.h	Energy Revenue Cdn. \$	Maximum Hourly Transmission
October-06	-	CAD 0.00	
November-06	50,000.00	CAD 2,950.00	
December-06	-	CAD 0.00	

Total 50,000.00 CAD 2,950.00 0

Filed by: Jane Mann

Title: Accountant/Settlements Manager

2007

EXPORTS

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3.76	A STATE OF THE RESIDENCE OF THE PROPERTY OF TH

Total 1,574,000.00 CAD 119,042.71 0

Filed by: Jane Mann

Title: Accountant/Settlements Manager

2007

EXPORTS

		Export KW.h	Energy Revenue Cdn. \$	Maximum Hourly Transmission
	April-07	727,000.00	CAD 60,457.82	
	May-07	50,000.00	CAD 4,201.75	
	June-07	450,000.00	CAD 33,185.72	
1994 1794 279 1794	STATE OF THE STATE			
	(C)	1 227 000 00	CAD 9	7.845.29

Filed by: Jane Mann

Title: Accountant/Settlements Manager

2007

EXPORTS

Export KW.h	Energy Revenue Cdn. \$	Maximum Hourly Transmission
-	USD 0.00	
	USD 0.00	
		- USD 0.00

Filed by: Jane Mann

Title: Accountant/Settlements Manager

D.O.E. RENEWAL APPLICATION FOR AUTHORIZATION TO TRANSMIT ELECTRIC ENERGY TO CANADA

EXHIBIT H

Verification

I, Joseph M. Wolfe, being first duly sworn, state that I am the Vice President of Rainbow Energy Marketing Corporation; that I am authorized to execute this verification; that I have read the above and foregoing document and its exhibits and attachments and am familiar with the contents thereof; and that, to the best of my knowledge and belief, all allegations of fact contained therein are true and correct.

Joseph M. Wolfe

STATE OF NORTH DAKOTA)	
)ss	
COUNTY OF BURLEIGH)	

On this 31st day of July 2007, before me personally appeared Joseph M. Wolfe, to me known to be the Vice President of Rainbow Energy Marketing Corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument.

Notary Public in and for the State of

North Dakota, residing at Bismarck NO

My commission expires: 5/5/11

RITA M. LEPP
Notary Public
State of North Dakota
My Commission Expires May 5, 2011